$40.00 ANNUALLY
40 Letters Per Year

Dow Theory Letters

"The Market as Interpreted under the Dow Theory"

RICHARD RUSSELL
125 East 93rd Street
New York City 28

Registered with the Securities and Exchange Commission

Copyright 1959 - Richard Russell

A SPECIAL STUDY OF BULL MARKETS

bull market began	industrials	bull market ended	industrials	years	months	percentage gained
Aug 10 '96	29.64	Apr 4 '99	74.06	2	7	156.
June 23 '00	53.68	Sept 19 '02	67.77	2	2	26.
Nov. 9 '03	42.15	Jan 19 '06	103.00	2	2	144.
Nov 15 '07	53.00	Nov 19 '09	100.53	2	0	90.
July 26 '10	73.62	Sept 30 '12	94.15	2	2	28.
Dec 24 '14	53.17	Nov 21 '16	110.15	1	10	107.
Dec 19 '17	65.95	Nov 3 '19	119.62	1	10	81.
Aug 24 '21	63.90	Sept 3 '29	381.17	8	1	496.
July 8 '32	41.22	Mar 10 '37	194.40	4	8	372.
Mar 31 '38	98.95	Nov 12 '38	158.41	0	8	60.
Apr 8 '39	121.44	Sept 12 '39	155.92	0	5	28.
Apr 28 '42	92.92	May 29 '46	212.50	4	1	128.
Apr 17 '47	163.21	June 15 '48	193.16	1	2	15.
June 13 '49	161.60	--	640.00	9	11 to date	396. to date

Listed above are the important statistics on the fourteen recorded bull markets since 1896. Some students consider that a bull market ended in 1923 and that 1923-29 marked an entirely separate bull swing, but for technical reasons I have always believed that the whole 1921-29 period should be taken as a single bull market. A study of the above data will readily show that the present bull market has surpassed every other in history in all categories except for percentage of total gain. In this category, because of the extremely low starting point, the 1921-29 market is so far still the winner.

Note that from 1896 to 1921 successive bull markets tended to start at progressively higher levels. But the drastic correction of 1929-32 brought industrials back to within 11 points of the 1896 lows! Starting in 1932 the bases again

tended to begin at progressively higher levels, and we are now in a swing very comparable to 1921-29. We will hope that history does not repeat itself as far as the next bear market bottom is concerned. Yet on the possibility that it could, I will urge all my subscribers to "clean house" as we approach the final top of this bull market.

It is perhaps no accident that the time span between 1929 and the present is thirty years or about a generation. It took three decades to erase the memory of 1929, and it took a new generation to muster enough confidence to bid the market above the 1929 prices. In fact the great market analyst and editor, Richard W. Schabacker, wrote the following remarkable prediction in 1934, only two years after the 1929-32 bear market had hit bottom: "Indications are that future swings, at least in the security markets, will not be so wide and spectacular in the next decade as they were in the last. Efforts towards Government regulations and 'planned economy' may get the credit, but it is the author's opinion that the credit will belong to human nature once more.

"In all past history, nations have experienced tremendous eras of security speculation only about once in a generation or more, just as has also happened in the historical record of world wars. After each holocaust there is a public reaction, and the danger of repetition does not become serious again until a new generation grows up which has not had the bitter experience of its forebears." (from "Stock Market Profits".)

The remarkable thing about the whole study of market trends is the seeming inability of people to accept the idea that serious reversals are the norm. Dow warned of economic extremes when he wrote, "The one fact pertaining to all conditions is that they will change."

In view of these great market swings, I urge all readers (and particularly the impatient ones) to remember Rhea's wise words, "I have always regarded 'investing' in stocks to mean acquiring equities of sound value in times of depression and holding for both dividends and appreciation until prices have exceeded all lines of reasonable values before selling." If every one of my readers could fully grasp the significance of these words, I am sure that I would receive very few letters which complain of losses sustained in the market.